

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| NOTICE OF THE ADJUSTMENT OF RATES |) | |
| OF KENTUCKY-AMERICAN WATER COMPANY |) | CASE NO. 10481 |
| EFFECTIVE ON FEBRUARY 2, 1989 |) | |

O R D E R

On October 2, 1989, the Commission granted a petition for rehearing filed jointly by the Utility and Rate Intervention Division of the Attorney General's Office ("AG") and the Lexington-Fayette Urban County Government ("LFUCG"). The rehearing is limited to the following two issues: (1) the AG/LFUCG's request to confront and cross-examine Kentucky-American Water Company's ("Kentucky-American") monthly financial reports, for the period subsequent to the test year, to the extent the Commission relied thereon to allow rate recovery of a new 30-inch water main; and (2) the appropriate rate-making treatment of extension deposits. The monthly reports were filed in the record by Kentucky-American on October 10, 1989. On October 18, 1989, the AG/LFUCG filed a motion requesting the Commission to issue a rehearing procedural schedule and to require Kentucky-American to designate a sponsoring witness for the monthly reports.

Based on the AG/LFUCG motion and being advised, the Commission hereby finds that a rehearing procedural schedule should be established.

IT IS THEREFORE ORDERED that:

1. Kentucky-American shall file testimony in prepared form no later than November 20, 1989 on the issue of extension deposits and designating a witness to sponsor the monthly reports.

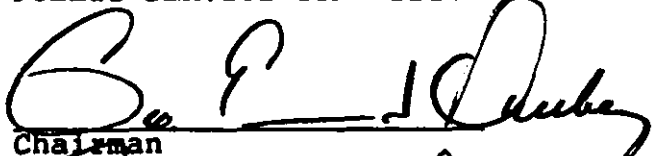
2. Kentucky-American shall include in its testimony a copy of its formal policy and guidelines covering extension deposits, a 5-year analysis showing the annual account level, the annual interest rate, and the annual interest earned on the deposits.

3. A public hearing shall be held at the Commission's offices in Frankfort, Kentucky on December 20, 1989, at 10:00 a.m., Eastern Standard Time.

4. Kentucky-American shall give notice of the public hearing in accordance with 807 KAR 5:011, Section 8(5).

Done at Frankfort, Kentucky, this 7th day of November, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director